

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

Notice LP-1689

**For:** State and County Offices

**1999 LDP Changes**

**Approved by:** Deputy Administrator, Farm Programs



**1 Overview**

**A**

**Background**

LDP's have been authorized since 1985 and have been made available for:

- 1985 and subsequent crops of rice
- 1986 and subsequent crops of upland cotton
- 1991 and subsequent crops of oilseeds
- 1993 and subsequent crops of wheat and feed grains.

Market prices caused wheat, feed grain, and oilseed producers to use the LDP program for the 1998 crop year in record numbers. The LDP program:

- was not originally designed to accommodate the high volume of LDP requests
- has become a very difficult program for FSA to administer.

Some producers have misunderstood the provisions of the LDP program and, in some cases, have lost benefits for the 1998 crop year.

**B**

**Purpose**

This notice informs State and County Offices of:

- 1999 policy changes
- how to handle 1999 LDP requests.

**Note:** See Exhibit 1 regarding the 1999 changes.

**Disposal Date**

October 1, 2000

6-23-99

**Distribution**

State Offices; State Offices relay to County Offices

## Notice LP-1689

### 2 1999 Policy Changes

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#### A

##### **Effective LDP Rate**

The LDP rate is the rate in effect on the date:

- a completed request is received in the County Office, if beneficial interest is maintained on the date of request for commodities stored on the farm or in the warehouse
  - of delivery, for field direct LDP's requested before harvest.
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#### B

##### **Completed LDP Requests**

LDP requests are completed when all information has been reported on CCC-666 LDP or CCC-709, as applicable. All signatures must be obtained before the request is considered complete.

Any LDP request submitted on any form other than the applicable LDP request form is not a valid LDP request.

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#### C

##### **Self-Certification**

Producers may certify:

- quantities for LDP
  - the date of delivery for field direct LDP's.
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#### D

##### **New Commodity and Class Code**

The new commodity is Crambe and the new eligible class of Oats is Hulless Oats. 2-LP Grains and Oilseeds will be amended to add grading factors for Crambe. Until further notice, include Hulless Oats as meeting the definition for Oats according to the United States Standards for Grain.

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## 2 1999 Policy Changes (Continued)

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### E

#### **Production Evidence**

LDP's may be based on certification, measurement service, or other forms of production evidence.

Production evidence:

- may be submitted at time of request, but is no longer required
- must be submitted for LDP's selected for spot check.

LDP's issued based on production evidence are not subject to spot check.

Scale tickets may be acceptable for production evidence if:

- the scale ticket is not issued by the producer
- all required information is shown on the scale ticket according to 7-LP, paragraph 700.

**Scale tickets issued by the producer for their own production are not acceptable types of production evidence.**

Measurements from spot check are acceptable types of production evidence if the producer pays the measurement service fee for the measurements determined by the spot check.

Require the producer to submit production evidence according to 7-LP and this notice. Provide a 10 percent tolerance of the LDP quantity when determining production evidence quantities.

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## 2 1999 Policy Changes (Continued)

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### F

#### Filing LDP's

Maintain LDP's by any of the following methods:

- in a separate LDP file for each request received
  - in one LDP file for each producer
  - in one LDP file for each producer by commodity.
- 

### G

#### Spot Check

All certified LDP's are subject to spot check. Initiate spot check as follows:

- contact the producer by telephone and notify the producer that LDP has been selected for spot check
- inquire if the commodity has been sold or is still on the farm.

IF the commodity...	THEN...
is still on the farm and a spot check has not been performed	complete a farm visit to measure the quantity.
has been sold	request delivery or sales evidence to verify the quantity and delivery date certified for LDP.
has been fed	determine maximum quantity eligible according to paragraph 3.

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2 1999 Policy Changes (Continued)

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**H**

**Handling Spot  
Check  
Verifications**

Handle spot check verifications as follows.

IF the quantity verified is...	THEN...
greater than the initial LDP amount	<p>a <b>new</b> LDP with a <b>new</b> LDP rate may be requested for any overage if the producer still has beneficial interest in the commodity and it is before the final loan availability date.</p> <p>Additional LDP payments to the original LDP amount are <b>no</b> longer available.</p>
determined based on measurement and is less than the initial LDP amount and <b>is</b> within tolerance	no further action is necessary.
less than the initial LDP amount and <b>is</b> within tolerance	producers must refund any overpayments on quantity shortage, as applicable. See 7-LP, paragraph 8.
less than the initial LDP amount and <b>is not</b> within tolerance	<p>COC shall review discrepancies to determine any of the following:</p> <ul style="list-style-type: none"> <li>• good faith</li> <li>• applicable violations</li> <li>• misrepresentation, scheme, or device.</li> </ul> <p>See 7-LP, Part 5.</p>

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**I**

**Completing  
CCC-694-1**

County Offices shall:

- complete CCC-694-1 in the normal manner
  - file CCC-694-1 in a folder for each commodity
  - cross reference the folder name on all LDP requests.
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### 3 Determining Maximum Eligible Quantity

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#### A

##### **Determining Maximum Eligible Quantity**

Determine the maximum eligible quantity of commodities harvested as other than grain by obtaining the acres harvested from FSA-578 and establishing a reasonable production yield from any of the following methods:

- the applicable crop's comparable, actual production harvested as grain on the same farm
  - setting a yield based upon applicable crop comparable, actual production on 3 similar farms
  - COC establishing a yield based on STC guidelines.
- 

#### B

##### **CCC-633EW**

CCC-633EW is an optional:

- worksheet for determining maximum eligible quantity for all producers of a specific commodity per farm
- ledger to account for each loan or LDP quantity.

See Exhibit 2 for:

- an example of CCC-633EW
  - completion instructions for CCC-633EW.
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## Notice LP-1689

### 4 1999 LDP Requests

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#### A

##### **LDP Requests Before Receipt of This Notice**

Producers who requested LDP before the receipt of this notice did **not** receive LDP based on the new policy for the 1999 crop year.

For each LDP requested before this notice, recalculate LDP using the higher of the following:

- LDP rate in effect on the **date of request**
- LDP rate in effect on the **date of approval**.

<b>IF LDP has been disbursed and the highest LDP rate results in...</b>	<b>THEN...</b>
an additional amount due the producer	issue a new LDP on the same quantity using the difference between the highest LDP rate and the original LDP rate.
no change to the original LDP rate	no further action is necessary.

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#### B

##### **Request Forms**

Producers must request LDP's on:

- CCC-666 LDP after harvest and before beneficial interest is lost
  - CCC-709 before harvest when beneficial interest is lost at time of harvest.
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## 1999 LDP Program

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This is a table which provides the changes from the 1998 crop year to the 1999 crop year LDP program.

Subject	Current Policy	1999 Policy and Result
LDP Rate	<p>Rate in effect on date of approval if still have beneficial interest stored in warehouse or on the farm.</p> <p>Rate in effect on date delivered, as applicable, for field direct LDP's.</p>	<p>Rate in effect on date of request if still have beneficial interest in the commodity stored in warehouse or on farm.</p> <p><b>Result:</b></p> <p>LDP rate is established on date of request instead of date of approval.</p> <p>Does not affect the LDP rate for field direct LDP's.</p>
Production Evidence	<p>Must submit at time of payment for CCC-709.</p> <p>Submit by year after the final loan availability period for CCC-666 LDP.</p>	<p>May submit production evidence at time of LDP request, but is not required.</p> <p>Must submit production evidence if selected for spotcheck only.</p> <p>Amend production evidence requirements to remove gross weight and gross bushels requirements, where applicable.</p> <p>Allow scale tickets with the required information and measurements from spotcheck as acceptable type of production evidence.</p> <p>Will not delay receipt of final production evidence to a year after the final loan availability date.</p> <p><b>Result:</b></p> <p>Reduces local FSA office workload.</p> <p>Less cumbersome, confusing, and burdensome to producers.</p> <p>Streamlines time management.</p>
Self-Certification	N/A	<p>Producers self-certify quantity and date delivered, as applicable. LDP's requested with production evidence will not be subject to spotcheck and will be based on the evidence provided.</p> <p><b>Result:</b></p> <p>Reduces County Office workload.</p> <p>Producer is always responsible for quantity requested.</p> <p>Eliminates the final date to submit production evidence which currently can leave LDP's open for 2 years.</p>

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## 1999 LDP Program (Continued)

Subject	Current Policy	1999 Policy and Result
Spotcheck	Applicable	<p>Applicable but could change the sample selected.</p> <p><b>Result:</b> At time of spotcheck:</p> <ul style="list-style-type: none"> <li>request evidence, if delivered, to verify producer had beneficial interest in the commodity at time of LDP request and to verify that the date delivered or ginned is the date certified by the producer for establishing the LDP rate</li> <li>request copy of contract to review, if not previously reviewed</li> <li>measure the farm-stored commodity, if not sold and still in possession in the normal manner</li> <li>COC may review discrepancies to determine good faith, applicable violations, or misrepresentation, scheme, or device</li> <li>producer requests a new LDP for any overage provided the producer still has beneficial interest in the commodity</li> <li>producer refunds overpayments applicable to good faith on quantity shortage</li> <li>producer refunds LDP according to violation procedure if COC determines misrepresentation, scheme, or device.</li> </ul>
Additional LDP's	Applicable	Not Applicable. Producers may request a new LDP on additional quantities documented through spotcheck in which producer has maintained beneficial interest.

CCC-633EW

**A**  
**Example of**  
**CCC-633EW**

This is an example of CCC-633EW.

REPRODUCE LOCALLY. Include form number and date on all reproductions.

<b>CCC-633EW</b> (06-22-99)		U.S. Department of Agriculture Commodity Credit Corporation		1. Name and Address of Contact Producer			
<b>Loan and LDP Eligibility Worksheet Commodities Harvested As Other Than Grain Determining Maximum Eligible Quantity</b>				2. Crop Year	3. Commodity	4. St. & Co. Code	5. Farm Number
<b>6. Whole Grain Yield on Actual Production:</b>							
A. Farm Number		B. Eligible Acres		C. Actual Production		D. Actual Whole Grain Yield (Item C divided by Item B)	
<b>7. Establish Reasonable Production Yield From 3 Similar Farms:</b>							
A. Farm Number		B. Eligible Acres		C. Actual Production		D. Actual Whole Grain Yield (Item C divided by Item B)	
				<b>E. Total Whole Grain Yield •</b>			
				<b>F. Yield Determination •</b>			
8. The above 3 farms were selected as similar because of: <input type="checkbox"/> Soils <input type="checkbox"/> Weather <input type="checkbox"/> Planting Dates <input type="checkbox"/> Planting Practices <input type="checkbox"/> Other (Explain) _____							
<b>9. COC Established Yield:</b>							
A. Established Yield				B. Justification			
10. Commodity Other Than Grain Yield							
<b>11. Commodities Harvested As Other Than Grain Determination:</b>							
A. Loan/LDP No.	B. Acreage	C. Share %	D. Producer Name	E. Calculated Yield (from Item 10)	F. Maximum Eligible Quantity (Item B X Item E)	G. Maximum Quantity Available	

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**CCC-633EW (Continued)**

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**B**

**Completing CCC-633EW** Complete CCC-633EW for each request when maximum eligible quantity must be determined.

<b>Item Number</b>	<b>Instruction</b>
1-5	These items are self-explanatory.
6	<b>Determine a whole grain yield if whole grain has been harvested.</b>
6 A	Leave blank.
6 B	Enter the eligible acres of grain production from FSA-578.
6 C	Enter the actual production of grain.
6 D	Divide item C by item B to determine the actual whole grain yield.
7	<b>If whole grain was not produced, establish a reasonable production yield from 3 similar farms.</b>
7 A	Enter the farm number. Repeat this for each similar farm.
7 B	Enter the eligible acres of grain production from FSA-578, as applicable.
7 C	Enter the actual production, as applicable.
7 D	For each farm, divide item C by item B to determine the actual whole grain yield.
7 E	Enter the total of actual whole grain yield of all 3 farms.
7 F	Enter the result of item 7 E divided by 3 to determine the yield determination or COC determined yield, as applicable.
8	Check the boxes, as applicable, to identify the similar farm basis.

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## CCC-633EW (Continued)

**B**  
**Completing**  
**CCC-633EW**  
**(Continued)**

Item Number	Instruction
9	<b>Complete item 9 if a yield must be determined by COC.</b>
9 A	Enter the COC Established yield.
9 B	Record COC justification when determining COC yield.
10	<b>Enter the yield from item 6 D, 7 F, or 9 A, as applicable.</b>
11	<p><b>Determine the maximum eligible quantity and maintain the ledger of the maximum quantity available as follows, in item 11:</b></p> <ul style="list-style-type: none"> <li>• A, enter the LDP or Loan number</li> <li>• B, enter the applicable acreage from FSA-578</li> <li>• C, leave blank</li> <li>• D, leave blank</li> <li>• E, enter the calculated yield from item 10</li> <li>• F, multiply item B times item E</li> <li>• G, maintain a balance of the maximum quantity available.</li> </ul> <p>Apply the loan or LDP quantity against the Maximum eligible quantity. Do not allow the producer to receive loan or LDP on quantities in excess of the maximum eligible quantity.</p> <p>If individual producers from joint operations apply on separate loan or LDP applications, create a separate ledger showing their share of the maximum quantity available.</p>